

The Power of One
How financial literacy can empower you and
how owning just one home can change your
financial future.

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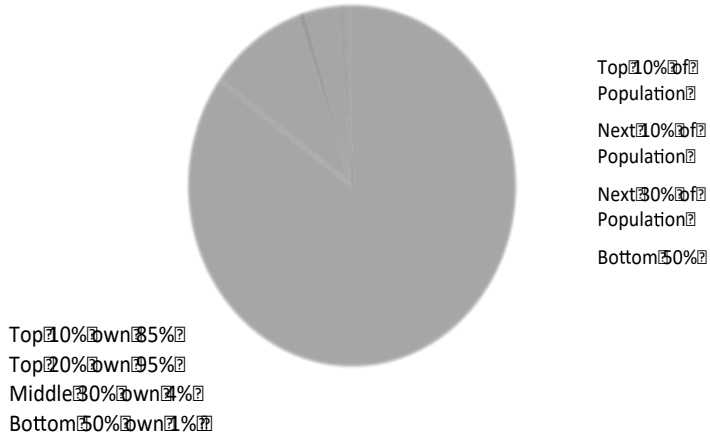
I. Introduction

In 2008, a man named John Edwards ran for president. In his campaign, he described what he saw as two Americas – those who had and those who had not.

Today I see 4 Americas:

1. The top 10% who own 85% of the wealth in our country and basically run everything.
2. The next 10%, which own another 10% of the wealth and live real well.
3. The next 30% own 4% of the wealth and are enjoying a small slice of the American dream.
4. And then there are all the rest of us. We make up half of the country but own just 1% of the wealth. Most of us live from paycheck to paycheck and a lot of us don't even get a paycheck at all. In short, the American dream has left us behind.

Division of Wealth in America



I say “we” when I talk about the bottom 50% because that’s where I started. I was born a poor kid from east Akron, the son of a rubber worker who was the son of a rubber worker who married the daughter of a rubber worker. And my mom; well she worked at a rubber company too.

From these humble beginnings and growing up in a tough part of town, I learned a lot about how hard it was to be poor: Cars that didn’t run right, slim pickings at the dinner table, crime in the

neighborhood, and terrible schools. I could go on and on but most of you already know. (That's the only joy of being in this majority)

But way beyond all the hardships that poor folks have to endure, what I found to be the hardest part of being poor was genuinely not knowing how to stop being poor.

Now this may sound silly but it's really not. You see I was a hard worker, just like everyone else in my family and I was willing to do whatever it took. The problem was I didn't know what it took. Worse yet, nobody I knew knew what it took. They were poor just like me.

From my neighborhood, we all went to Akron Central-Hower for high school. When we got there, we were gathered in the auditorium where the inscription above the stage read, "I will study and get ready and perhaps someday my chance will come." Abraham Lincoln said that and I don't take exception to it. Sacrifice is clearly required to be a success in this life but it's not a guarantee.

What did bother me was that they then proceeded to tell us that knowledge was power... but then they never really gave us any that truly empowered us in the real world. At least not the one we lived in back in East Akron. Instead they taught us Algebra, English Literature, American History, Earth Science, etc .

But I'm wondering why they never taught us about things like credit and how it worked and how to build it. I believe this is a mistake at best and *perhaps an institutional decision to try to keep poor folks in their place.*



Credit – The Great Equalizer between Rich and Poor

You see, I believe that credit is the greatest equalizer in America between those who have and those who do not. It is the ONE thing that puts us in the game of financial viability and allows us to compete.

Why?

Imagine you're a middle class 19-year-old kid and you discover a business opportunity that costs \$20,000. And it's a

sure bet to double your money! Do you think your dad will lend you the money?

Now what if you live in my old neighborhood? Is there anybody you know that even has \$20,000? Even in their IRA? In fact, how many people from my neighborhood do you think even knew what an IRA was?

But let's say the kid from my neighborhood understood credit and took good care of it. He could easily have a credit card or two that would allow him to access \$20,000 right away and take advantage of this opportunity.

In fact, with good credit management and a couple years of steady income, he could access hundreds of thousands of dollars from the banks. And that number could quickly grow to millions.

How do I know? I did it.

The alternative to taking good care of your credit is to live a life that is filled with higher payments for everything and financial turmoil. Consider these:

1. Rents that are double what your mortgage could be
2. High car payments from buy here/pay here lots
3. Renting furniture, TV's and appliances at a exorbitant prices
4. Usury rates from cash advance payroll loans and title loans.

All these things will keep you down and lead to a life of financial struggle. We hope to shine a spotlight on just how dramatically different one's life can be by following a few basic rules.

About this Course

We have 3 major contentions:

- A. Our economy and the system is rigged against us
- B. Understanding basic financial principles will help you to level the playing field

C. Owning your own home is the first step to building a better financial future

Our goal in this course will be take you through each of these contentions and demonstrate just how easy it will be to accomplish the end goal and beyond.



A. A Rigged System

1. Lack of financial knowledge

As I have mentioned, I believe that the hardest part of being poor is not knowing how to stop being poor. We find ourselves trapped, living paycheck to paycheck.

In the end, we are trapped primarily by our lack of vision. Put simply; we don't know what we don't know. And how could we? No one around us knows the secrets to financial success. And if they do, they probably aren't waiting in line to share it with us. And the schools aren't sharing that knowledge either.

Meanwhile the rich folks are playing a totally different game. While we are working hard for our money, they know that the key is to make your money work for you. Armed with full knowledge of our financial system, they concern themselves with things like ROI, higher yields, and asset protection. Do you even know what those terms mean? If you are going to succeed in this world, you will need to and we can help.

2. Low wages

The second way, the system is rigged is that corporations want to pay as little as possible to it's workers and many of them have taken their jobs overseas. And our government let them.

Low wages are a simple product of too few jobs and too many folks looking for them. This ultimately enables the companies to keep wages down. One could argue, that this may be why the schools (aka. our government) don't want to arm us with the knowledge we need to break out of this rut. Sound far-fetched?

Consider that the Walton family (Wal-Mart) donates millions of dollars to U.S. politicians. Wal-Mart pays minimum and minimal wages to its employees. Their wages are so low in fact that many of their employees qualify for government assistance. In fact last year, Wal-Mart employees received \$6.2 Billion dollars in subsidies. In this case, our government is directly enabling corporations to keep wages low.

I don't even want to get started on tax loopholes, but we'll touch on what you need to know there too. I'm not trying to

depress you but you need to understand that you are not competing on a level playing field.

We aren't going to be able to solve all that but we can get you a lot closer to the goal line by arming you with financial knowledge.

B. Leveling the Playing Field

In this course, we are going to identify the key elements of financial literacy you will need to get you to home ownership and beyond.

These are the things we think are vital:

1. Household budgeting and saving money
2. A basic understanding of various investments and how to make your money work for you.
3. A basic understanding of our tax system and how to stop it from working against you.
4. A definite plan to repair, build, and sustain credit.

C. Home Ownership

It is my contention that owning your own home versus renting is the first step to financial freedom. It has been called, “The American Dream” and can help you financially in a number of ways. We are going to outline those benefits and show you exactly what you need to do to obtain a low interest FHA or NACA loan.



Step 1 to Homeownership: Understanding the average household budget

*- The most important math equation
of your life.*

Today in my hometown of Akron, Ohio, the median household income of four is \$39,000 a year. That means that half of the city lives on that amount or less. (Remember the part about 50% of us own less than 1% of the wealth?) To say that 39,000 is not a lot of money to raise a family of four on, would be an understatement.

I start here because I think it's important to understand what we're up against. Especially for my younger students, many of who will make children at an early age before they are ready financially. I especially want you folks to take a long hard look at this.

Starting here also makes sense because on your path to home ownership **goal one is to save some down payment money**. That means we have to make more than we spend. If we don't we have

to do one of two things: make more or spend less. Either way, laying out your budget on paper is a great way to start. It helps us to see if we're on the right path and enables us to make changes if not.

Monthly Household Budget for Family of 4 making median income of \$39,000 a year:

After taxes = \$30,000 approximately or \$2,500 a month

Monthly Expenses:

Rent	\$750
Gas	\$100
Electric	\$100
Water/Sewer	\$150
Food	\$1000
Car payment	\$250 (1 car)
Car insurance	\$75
Gasoline	\$200
Health Ins.	\$300
Cable	\$50
<u>Cell Phones</u>	<u>\$75 (2)</u>
Total	\$3,050

So if this family clears about \$2,500 a month, they're already operating at a \$550 a month deficit to live this lifestyle but...

What happens if...

The car breaks down?

Somebody gets sick?

Somebody smokes?

Somebody drinks?

The washing machine breaks down?

The family wants to buy Christmas presents?

Or buy a birthday present?

They want to go to the movies?

They want to buy a new pair of shoes?

Obviously the average family in Akron has to make a lot of tough choices and do without a lot of things. Usually the first things to go are car insurance and health insurance. When they do bad things can happen financially and then some.

It's easy to see how credit gets wrecked and why so many people are in that financial death spiral!

Here's what I hope you will take away from this simple budget that so many people in our city are living through:

1. Don't make a family until you're financially stable.
2. If you're already in this boat, you have to find a way to earn more. I would propose working for yourself and we will soon be releasing a program called E Prep to teach you how to open your own business.
3. By obtaining an FHA loan on a similar house, this family could save close to \$400 a month on their rent and have an immediate \$20,000 in equity that they could borrow from.

So I want to ask you, would an extra \$400 a month and a \$20,000 savings account make a real difference in this average Akron family's life? Of course the answer is YES and this is exactly what I'm going to show you how to do!



Step 2 to Homeownership: Opening a Checking Account

I have been a landlord for many years and there are a lot of things that I just don't understand about tenants. The most

puzzling thing of course, is why they insist on paying all that money on rent year after year and have nothing to show for it.

Equally baffling though is why so many of them insist on driving across town to deliver their rent in cash. Now don't get me wrong, I'm not complaining. I love cash and I even enjoy seeing my tenants during these happy cash exchanges but from their perspective, wouldn't it be easier to just put a check in the mail???

Consider the potential problems with paying cash:

1. Cash can easily be lost or stolen
2. The time spent driving over is time lost/wasted
3. The gas costs money
4. Many times tenants come over unannounced and I'm not here = more time wasted.
5. If they decide to leave their money in the drop box, they have no receipt and have to rely on my honesty. (That part works for them 😊)

6. If they do get a receipt, receipts are easily lost.

I would argue that paying cash in the manner described is a really bad idea for all the reasons mentioned. I will still happily continue to take my tenants cash payments in person but I'm hoping for better for you!

Let me strongly urge you to open a checking account!

Advantages of using a checking account:

1. Checks are FREE
Compare this to the cost of buying money orders or the cost of gas.
2. Checks don't get lost
If they do, they are easily replaced. Cash is not. Furthermore it is a felony for someone to fraudulently use your checks and if they did they are almost sure to be caught because the checks are so traceable.
3. A Debit card comes along with

This allows you the convenience of a credit card and helps to demonstrate your trustworthiness.

4. Checks are proof positive that something has been paid
A cancelled check is indisputable evidence that you paid and the bank keeps record of everyone of them. This will be very important when you go to get a bank loan because you will be able demonstrate to your potential lender that you made all your rent payments on time.
Lenders do not consider receipts from landlords as valid evidence.

5. A checking account is like having a free bookkeeper
As I mentioned, banks track every single check you write, keep a copy of them, and send you a statement of all activity for the month. They will also provide you with a copy of any cancelled check you may need. Having a free bookkeeper that keeps reliable records is hugely valuable for a small businessman and will be of great benefit to you as well.

6. A checking account can help demonstrate income

If you put all your paychecks into the account, your monthly statements can document the income. This also helps banks to source where your money is coming from. When you apply for an FHA loan, they will ask to see the last 2 months of your bank statements.



Opening a Checking Account

As I mentioned, many banks offer accounts absolutely free to entice you to put your money in their bank. Citizen's Bank is the one I use. You can start one today with a driver's license and as little as \$10. They will even give you unlimited checks. All they ask is that you make at least one deposit of your money each month!

Using a Check

A check has the following components:

1. The Date the check is available is on the far right.
2. A line to write in the name of the recipient
3. The amount of the check in numbers.
4. The amount of the check in writing.
5. Your signature.
6. The numbers at the very bottom of the check identify the check. The first group of numbers are the bank's routing number (for wire transfers), then the account

number, and finally the check number itself. This is also written at the top right hand corner.

7. A line (bottom left) to write a memo for your records as to what the check is for.

John Doe
123 Main St
Anywhere US 10111

Date 01/01/20

PAY TO THE ORDER OF THE SANDWICH SHOP

EIGHT AND 15/100

Your Bank
456 Main St
Anywhere US 10111

MEMO Lunch w/ Friends

Jane Doe

⑆123456789⑆ 1001001234 0790

Writing a check is as simple as filling in the blanks. Be sure that when you write in the amount, you don't leave any room for someone to alter the amount. This can easily be done by putting a line next to the words. Ex. -----Eight hundred-----.

Any alteration on top of that line will immediately void the check and a bank will not cash it.

Post dating a check:

If you want to issue a check but don't want the person you are giving it to to cash it until a future date, you can accomplish this by writing in that future date on the check. The bank will not cash the check until that date.

Balancing a Check Book

We've talked a lot about the advantages of using a checking account, now we need to talk about the responsibilities that come with it. That primary responsibility is to balance that check book to make sure that there is always enough money in the account to cover the checks that you have written.

If you write a check and the funds are not available, the bank of the person who received it will return it to them and charge them \$25-35 for processing. Similarly your bank may choose to pay the check. This will cause you to have a negative balance and they will charge you

a fee. If you bounce multiple checks, these fees can hurt your feelings.

The good news is these troubles can all be avoided by simply keeping good records in your check register.

Checkbook Specifics

1st Column – This is where you record the check number.

2nd Column – The date

3rd Column – Transaction. This is where you write who the check is for on the white line and what the check is for on the grey line below it.

4th Column – Withdrawal. This is the amount of the check or cash withdrawal. They allow spaces for both the dollars and the cents.

5th Column – Deposit. Any time you put money into your account, that amount is written in the deposit column.

6th and final Column is where you write in the balance. You should always know your balance before writing a check.

CHECK NO.	DATE	DESCRIPTION	TRANSACTION AMOUNT	DEPOSIT AMOUNT
161	6/4	Sound Out new tape deck	216.30	
ATM	6/18	Withdrawal Spending money	35.00	
ChkCrd	6/18	Check Card Foodland Groceries	55.00	
ATM	6/23	Deposit Transfer from savings		1200.00
162	6/24	Racy's New clothes	82.87	
ATM	6/25	Withdrawal Movie & pizza	20.00	
163	6/26	Woodland Apt's. Rent for everyone	1000.00	
ChkCrd	6/26	E-Z Shoppe Groceries	54.11	
164	7/5	CD Place Acct. # 7M3406	26.31	
165	7/17	Lucasfilm, Ltd. "Monkey Island" T-shirt	10.00	
ATM	7/14	Deposit Paycheck		253.17

Always remember:

1. Enter all your deposits
2. Record your checks as soon as you write them
3. Do the math and double check so you always know your balance before you write a check

Taking good care of your checking account is a great way to start to build a good relationship with a local bank that will lead to more open credit doors!



Step 3 to Homeownership: Understanding Taxes

One of the biggest debates in our government today is how to best and most fairly tax our citizens. Many argue that there are too many loopholes for the rich while others argue that taxes on our corporations and our most affluent are too high already.

We'll consider that debate but for our purposes, I mostly just want you to understand the basics. In doing so, hopefully we can save you a few dollars by understanding deductions that may be available to you or at least show you how to file your own taxes and save on the accountant.

Who Collects the Taxes?

The first thing to understand is that we are taxed in many ways by every level of our government including:

Local Government – city and county

State Government

Federal Government

Types of Taxes

Each level of government uses different types of taxes that most directly apply to them. The most popular is income tax, which all levels tax us on. Here are some of the ways we are taxed and who administers the tax:

Sales Tax state/local

These taxes are applied whenever you buy something. Here in Summit County the rate is 6.75% so a \$100 purchase will cost you \$107. The state charges 5.75% and the local government adds 1%.

Property Tax local – schools = about 50%

Property taxes are charged to anyone who owns a house or a piece of land. These taxes can go up or down. Before these taxes are raised, local government entities like school districts must put a levy on the ballot and ask voters for approval. Here in Akron if you own a \$53,000 home today, you will pay about \$1,450 a year in taxes.

User Fees city, county, state, federal

User fees come in many forms from the State charging for driver's licenses and

tags to the City charging for such things as building permits or trash removal, to the Federal government charging for a passport. Any time you interact with the government and they charge you for that service - that is considered a User Fee. And some of those interactions can be completely unwanted, like a speeding ticket.

Income Tax city, state, federal
Income taxes are taken out of your paycheck or required of you at years end and due April 15th. These taxes can be progressive as in the case of our Federal and State government or flat as are most city taxes.



Our Progressive Income Tax Structure

This is where the debate over income taxes starts. Here in America we have what's called a progressive tax structure, which means if you make more money, you are taxed at a higher rate. For example if you are a single person, this how much you would pay at these different income levels in 2015:

Income	Rate
0 - \$9,075	10%
\$9,075 - \$36,900	15%

\$36,900 - \$89,350	25%
\$89,350 - 186,350	28%
\$186,350 - \$405,100	33%
\$405,100 - \$406,750	35%
\$406,750 Plus	39.6%

Is it fair?

Those who make the most don't think so. But the other side argues that if you have more, you can afford to pay more.

To offset these differences the two major political Parties in America have wrestled behind the scenes to develop a tax code that is very, very hard to understand. It is filled with loopholes to help the rich escape what seems an unfair structure for them. On the other side, the Parties have worked in allowances for lower wage earners like bigger deductions for having children.



Regressive Taxes

Unlike a progressive tax that charges a greater percentage for those who have more, a regressive tax charges the same from everyone. It is a flat tax.

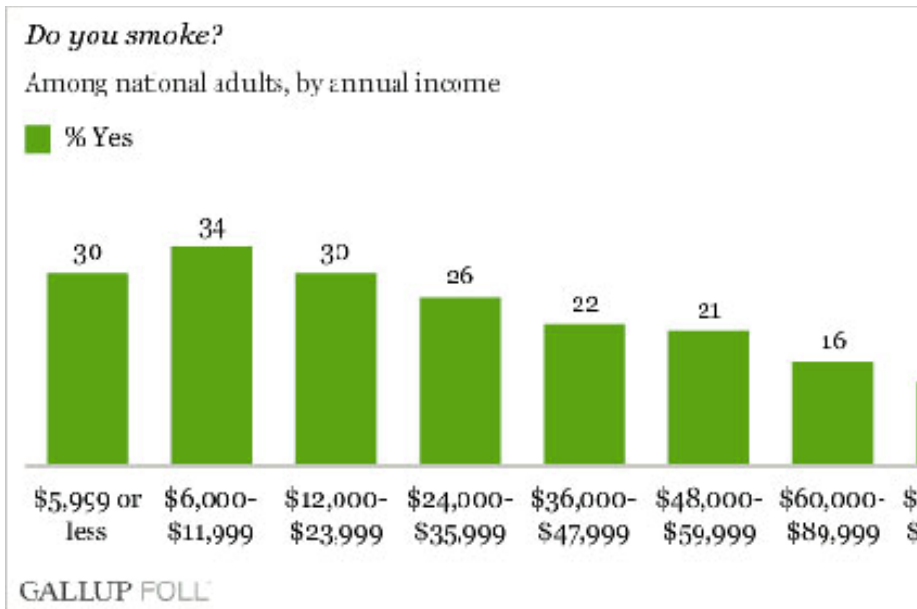
A good example would be the taxes on cigarettes. Today in Ohio, a pack of cigarettes will cost you about \$6.50 on average. About \$2 of that goes to the state in taxes and \$1 goes to the federal government. That's \$3 a pack in taxes and almost double the total cost. This is commonly called a sin tax.

So what's wrong with that?

Nothing, unless you're addicted to nicotine and making the federal minimum wage of \$7.25 an hour. If you're in that boat and smoking 2 packs a day, you're working almost an hour every day just to pay the government for the right to smoke.

On the other hand, if you're part of the average American household earning \$73,000 a year, the cost of smoking isn't that big of a deal.

The funny part, or actually the sad part is that the grand majority of people who smoke are those that can afford it least.



Why do you think that is?

Remember that the median household income in Akron left our family of four's budget \$500 short of what they needed every month. Add in just one pack of cigarettes a day:

$\$6.50 \text{ a day} \times 30 \text{ days in a month} = \195 a month

I was that smoker. And I earned minimum wage. It was the first thing I

gave up when I decided to get serious about my financial freedom.

Filing Your Taxes

The tax year starts January 1st and ends December 31st but the taxes aren't due until April 15th. Those are the rules that corporations play by.

Most of the rest of us have our taxes deducted from our weekly paychecks automatically. The government then holds the money and some of it is returned to us at years end.

How much we get back is determined by how many deductions we have. Common deductions are for how many children we have or how much of a mortgage payment we can deduct.

Tax Credits and Tax Deductions

A deduction is an expense you subtract from your income. If you own your own business or are an independent contractor there are a lot of deductions

that are available to you. One very common one is a mileage expense. For every mile driven for business you can deduct 56 cents. So if you drove 10,000 miles this year, you could deduct \$5,600. If you earned \$20,000 in that business this year, your taxes would look like this:

\$20,000	Gross income
<u>-\$5,600</u>	<u>Mileage expense</u>
\$14,400	Taxable income

A Tax Credit applies not as a deduction to your income but directly to the tax itself. If you had a tax credit of \$1,000 for example, your taxes would look like this:

\$14,400	Taxable income
\$1,400	Taxes due
<u>-\$1,000</u>	<u>Tax credit</u>
\$400	Taxes owed

The Earned Income Tax Credit

This is the most common tax credit for working families with children. It was designed to supplement wages of low to moderate wage earners. It allows for a \$1,000 tax credit for each child. The

credit gets smaller for couples earning more than \$110,000 a year.

Statistics show that 25% of those eligible fail to file for this tax credit.

If you haven't claimed it and are eligible, you can get refund from last 3 years!

Where does your Paycheck

123 - John R. Doe				Pay Period 06/02/06 to 06/16/06		Required Deductions	
Earnings				Federal Income Tax		0	
FICA - Medicare				0		0	
WI State Income Tax				0		2	
FICA - Social Security				2		0	
Hours	Rate	This Period	YTD	Other Deductions			
50	9.00	450.00	900.00	Health Insurance		0	
Gross Pay				450.00		401k	
				900.00		0	
						Parking	
						0	
						NET PAY	
						\$	

<p>Your Employer 1234 Some Street Milwaukee, WI ZIPCODE</p> <p>PAY ***Four hundred eighteen dollars and 00 cents*****</p> <p>To the Order of John R. Doe 555 Some Street Milwaukee, WI ZIP CODE</p>	<p>Check Num Pay Date:</p>
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Automatic Deductions for Akron family earning \$39,000 year

FICA Tax - 7.65%

This is a payroll tax that the Federal government charges to pay for Social Security and Medicaid

Federal tax - 10-15%

10% on the first \$18,650 and 15% thereafter. A lot of these are often refunded.

State Tax - .49 - 2.99%

\$311 for the first 21,100 earned and 2.99% thereafter

Local Tax - 2.25%

The city of Akron charges a flat tax for every dollar earned.

Tax Forms

W-2 form

Reports your payroll wages along with the deductions that have been withdrawn through the year.

		a Employee's social security number 123-45-6789		OMB No. 1545-0008		Safe, accurate, FAST! Use			
b Employer identification number (EIN) 11-2233445				1 Wages, tips, other compensation 48,500.00		2			
c Employer's name, address, and ZIP code The Big Company 123 Main Street Anywhere, PA 12345				3 Social security wages 50,000.00		4			
				5 Medicare wages and tips 50,000.00		6			
				7 Social security tips		8			
d Control number A1B2				9		10			
e Employee's first name and initial Last name Suff. Jane A DOE 123 Elm Street Anywhere Else, PA 23456				11 Nonqualified plans		12a			
				13 Statutory employee Retirement plan Third-party sick pay <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>		12b			
				14 Other		12c			
f Employee's address and ZIP code									
15 State PA		Employer's state ID number 1235		16 State wages, tips, etc. 50,000		17 State income tax 1,535		18 Local wages, tips, etc. 50,000	
								19 Local income tax	

Form **W-2 Wage and Tax Statement** **2014** Department of the Treasury
Copy B — To Be Filed With Employee's FEDERAL Tax Return.
 This information is being furnished to the Internal Revenue Service.

1040 EZ Form

One of 3 tax forms used by the IRS. If you have no children, filing as single or married, and make less than \$100,000 a year, you most likely will use this form.

In our seminar course, we walk you through this form but it's pretty self-explanatory. You want to input the information from the W-2 form above.

You should have no problem filling this out yourself but if you don't want to familiarize yourself with it, there are plenty of tax services like HR Block and Liberty Taxes that will do it for you for a small fee.

If you are under 65 and earn less than \$10,350, you do not have to file.

Department of the Treasury—Internal Revenue Service

Form 1040EZ **Income Tax Return for Single and Joint Filers With No Dependents** (99) **2012**

Your first name and initial	Last name	You
If a joint return, spouse's first name and initial	Last name	Spouse
Home address (number and street). If you have a P.O. box, see instructions.		Apt. no.

City, town or post office, state, and ZIP code. If you have a foreign address, also complete spaces below (see instructions).		
Foreign country name	Foreign province/state/country	Foreign postal code

Income Attach Form(s) W-2 here. Enclose, but do not attach, any payment.	1	Wages, salaries, and tips. This should be shown in box 1 of your Form(s) W-2. Attach your Form(s) W-2.	1
	2	Taxable interest. If the total is over \$1,500, you cannot use Form 1040EZ.	2
	3	Unemployment compensation and Alaska Permanent Fund dividends (see instructions).	3
	4	Add lines 1, 2, and 3. This is your adjusted gross income .	4
	5	If someone can claim you (or your spouse if a joint return) as a dependent, check the applicable box(es) below and enter the amount from the worksheet on back. <input type="checkbox"/> You <input type="checkbox"/> Spouse If no one can claim you (or your spouse if a joint return), enter \$9,750 if single ; \$19,500 if married filing jointly . See back for explanation.	5
	6	Subtract line 5 from line 4. If line 5 is larger than line 4, enter -0-. This is your taxable income .	6

Payments, Credits, and Tax	7	Federal income tax withheld from Form(s) W-2 and 1099.	7
	8a	Earned income credit (EIC) (see instructions).	8a
	b	Nontaxable combat pay election. 8b	
	9	Add lines 7 and 8a. These are your total payments and credits .	9
	10	Tax. Use the amount on line 6 above to find your tax in the tax table in the instructions. Then, enter the tax from the table on this line.	10

Refund Have it directly deposited! See instructions and fill in 11b, 11c, and 11d or Form 8888.	11a	If line 9 is larger than line 10, subtract line 10 from line 9. This is your refund . If Form 8888 is attached, check here <input type="checkbox"/>	11a
	b	Routing number <input type="text"/>	c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
	d	Account number <input type="text"/>	

Amount You Owe	12	If line 10 is larger than line 9, subtract line 9 from line 10. This is the amount you owe . For details on how to pay, see instructions.	12
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Third Party Designee	Do you want to allow another person to discuss this return with the IRS (see instructions)? <input type="checkbox"/> Yes , <input type="checkbox"/> No
Designee's name <input type="text"/>	Phone no. <input type="text"/> Personal identification number (PIN) <input type="text"/>

Sign Here Joint return? See instructions. Keep a copy for your records.	Under penalties of perjury, I declare that I have examined this return and, to the best of my knowledge and belief, it accurately lists all amounts and sources of income I received during the tax year. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.			
	Your signature <input type="text"/>	Date <input type="text"/>	Your occupation <input type="text"/>	Daytime phone no. <input type="text"/>
	Spouse's signature. If a joint return, both must sign. <input type="text"/>	Date <input type="text"/>	Spouse's occupation <input type="text"/>	If the Filer's PIN, enter here <input type="text"/>

Paid Preparer Use Only	Print/Type preparer's name <input type="text"/>	Preparer's signature <input type="text"/>	Date <input type="text"/>	Check self-employment tax <input type="checkbox"/>
	Firm's name <input type="text"/>	Firm's EIN <input type="text"/>		
	Firm's address <input type="text"/>	Phone no. <input type="text"/>		



Step 4 to Homeownership: Understanding and Building Credit

It is a common misconception amongst poor people that credit cards and the use of credit is somehow inherently bad or evil. I submit to you that this notion is completely and patently false.

What is true is that the misuse of credit can really put you in a bind. We all know someone who has built credit card debt

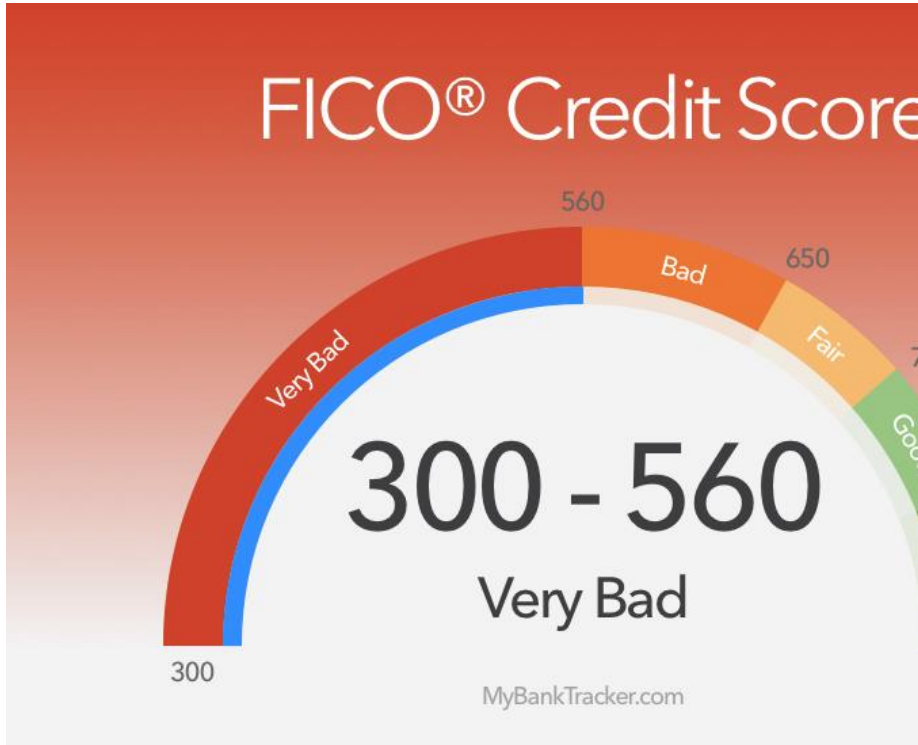
they couldn't pay off and at 18% interest, that debt just kept growing into a financial death spiral. Such misuses of credit amongst the poor has led to the school of thought that it's better to avoid credit altogether and pay cash for everything. I'm here to tell you, that kind of thinking is sure to keep you down.

A wise and wealthy man once told me that the measure of a man was not in how much money he had, but in how much he could borrow! He knew the secret. You see they always told you, "It takes money to make money." What they didn't tell you was... it doesn't have to be your money. Developing good credit will allow you to open the bank vaults and take advantage of other people's money.

Credit Defined

Simply defined, Credit is the ability of a customer to obtain goods or services before payment based on the trust that the payment will be made in the future. In other words, if you can be trusted to pay, you are said to have good credit.

In the financial world, your trustworthiness is measured by a credit score, often called a FICO score.



Your score can range from 300-850. 700 is considered good.

Your goals: 580 and 640

For our purposes, our goal will be to get to a 580 score and then ultimately up to 640.

Why? Because these are the scores that the banks require to grant an FHA loan. 580 will do it but 640 makes it a chip shot. Notice, that neither of these scores are considered all that great on the chart and with a little care, we should be able to get you there in 6 months or less, starting from almost anywhere!

Credit Bureaus

Your credit scores come from 3 different bureaus that monitor your credit and keep track of all your sins. Their names are



These bureaus track data that is reported to them from by your creditors. Creditors may or may not report to all bureaus, which often accounts for the difference in the scores reported. And some creditors don't report at all. If you are trying to build good credit with on time payments, make sure they report to at least one of the bureaus.

Although the bureaus do their best to track your credit activity accurately, they do make mistakes from time to time. When this happens, you can dispute the false claims and get them reversed. More on this later.

Credit Activities commonly tracked:

1. Credit cards and store cards
2. Cell phone payments

3. Student loan payments
4. Car loan payments
5. Home loan payments
6. Collections like unpaid medical bills
7. Evictions
8. Foreclosures
9. Bankruptcies

Credit Do's and Don'ts

DO's

1. Do get a Secured Credit Card
If you are just getting started building or repairing your credit, you can get a secured card at your bank where you have your checking account or online. This is the easiest card to get because it is secured by the money you have in the bank.
2. Do get a Store Credit Card
Store cards such as gas cards are usually easier to get than credit cards because the vendor wants you to buy their products. Use these cards responsibly buying only the things you need and would

normally buy and be sure you have enough money saved to pay the balance at the end of the month.

3. Do get a Credit Card

In fact, ultimately you'll want two or three. Start with one and when you get it try not to use more than 25 - 50% of the available credit limit. The lower the better. I know this may sound silly. It sounds like I'm telling you to go out and get a bunch of credit and then barely use it right? Well that's exactly what I'm telling you! The bureaus want to see that you have lots of access to credit but don't need it.

It's a befuddling and almost disturbing fact of life but the people that banks really want to lend to are the people that don't need money. Using a small portion of your available limit, clearly says, "I don't need the money." And it will make your credit grow quickly. In fact you can expect your credit card company to raise your limit every 3-4 months if you keep your usage low.

Good cards to start with are Capital One and cards that have low limits and charge a small fee. One of my first ones was Credit One. They charged a fee but they offered free credit monitoring along with the card.

4. Do have yourself Added to Someone Else's Card

If you know someone with good credit that trusts you, they can add you to their credit card and you will get some credit for their good habits and credit history.

5. Do get a Car Loan

Even if it's a Buy Here Pay Here loan! That's right I said it. Making on time payments on an installment loan helps your credit so much that it may be worth it to bite the bullet on one of these tough loans. If you do here's a few rules:

A) Borrow as little as possible

B) Pay it off as soon as possible

C) Make sure they report to the credit bureaus and make them prove it. If you are going to pay

25% interest you want to make sure you're getting credit for it.

Another way to go is to get a co-signor on a better loan and follow the same rules. Car loans are the easiest loans to get and are a great way to build credit.

The one down side is that they count against your debt to income ratio. That is how much money you make versus how much you pay out every month. If you are planning to buy a home soon, you may want to postpone the car loan. We'll discuss this in more detail in the next chapter.



Get this secured card with as little as \$49 refundable deposit.
Make 5 on time payments and they'll raise your \$200 limit.

DON'Ts

1. Don't Make Late Payments

The credit bureaus only measure late payments in 30-day increments. Therefore they only show when you are 30,60, and 90 days late.

It's very important to understand that no one will hold it against you if you are a few days or even a few weeks late.
Just NEVER BE 30 DAYS LATE!

2. Don't Use More Than 25-50% of your available credit balance

Credit cards can help your score greatly but they can also hurt your score if you max them out. Even if you pay them off in 30 days like you're supposed to.

Use as little as possible and never more than 50%.

3. Don't let accounts Go to Collection

Once you are 90 days late, most creditors will refer the matter to a debt collection agency that will hound you for payment. When this happens the account is considered a charge off and listed as a debt. A lot of lenders will not give you a loan until these are paid off. The best time to fix the problem is now.

Negotiate a payment plan with the collection agency when they call or you call them. You can almost always negotiate a reduced amount and sometimes a lot less if you settle up in full.

4. Don't get Judgments on your Record

Anytime you have to go to court, the credit bureaus track it and it hurts your credit. Evictions are something I commonly run into as a landlord. These will not only hurt your credit but will

also stop you from renting a decent place. My company will usually consider someone with an eviction but never without a bigger down payment.

5. Avoid having your Credit Report Pulled when possible

There are 2 kinds of credit pulls: a soft pull, and a hard pull. A soft pull is when you pull your own credit report to monitor your progress. This is a good thing. A hard pull is when you are applying for credit and a vendor pulls your credit report. This is tracked by the bureaus and it hurts your score.

Why? Go back to the rule about banks only wanting to lend to people who don't need money. Applying for credit shows you need it. Doesn't seem fair does it?

Sample Transunion Credit Report

Trans Union of Canada, Inc.
Consumer Credit Report

1	Subject Spouse AKA On File 20Jul1994	Surname Consumer Consumer Consumer Last Inq 01May2002	Given Name(s) Robert/B Jane/B Brian/Robert	Soc. Ins. No. ### ## ### ## ### ## ### ##	Telephone 4165551212
----------	--	--	---	---	-------------------------

RESIDENCE(S)

Street 123 Main Street, Apt. 101 456 Back Street	City Anytown Newtown	Prov ON ON	Postal M1M 1M1 L1L 1L1	Since 01Dec1994 01Jul1990	Cnfrm 01Nov1999 01April1994
--	----------------------------	------------------	------------------------------	---------------------------------	-----------------------------------

EMPLOYMENT(S)

Employer's Name & Address National Steel Car Oakville ON	Occupation Welder	Since 01Nov1990
Spouse's Employer Henry's Hot Dogs/111 Nathan St, Toronto	Cashier	01Dec1992

FILE SUMMARY

Legals=1-Jan1999	Bkrp=1-Dec1997	Coll=2-Mar2001	Inqs=2-May2002	6Mnth=1
High=\$9500	Baln=\$3310	Pdue=\$0	Paym=\$310	Acct=3
Trades=Jul1994/May1998	Balances	Inst=\$2352	Rev=\$958	Neg=2
			Open=\$0	Paid=1
				Mort=\$0
				#Re

3 MESSAGES

Trans Alert INPUT DOB DOES NOT MATCH FILE DOB
 Hawk Alert INPUT SUBJECT SIN IS INVALID

4 BUREAU RISK SCORE

Empirica: 618 **ALERT**

Factors

- 38 Serious delinquency AND derogatory public record or collection filed
- 15 Lack of recent bankcard account information
- 18 Frequent delinquency
- 12 Length of time revolving/open accounts have been established

Horizon 651 **ALERT**

Factors

- 38 Serious delinquency, and public record or collection filed
- 20 Length of time since derogatory public record or collection filed
- 16 lack of recent revolving account information
- 18 Number of accounts with delinquency

TransRisk (optional)
RPM (optional)

5 TRADE

Rept	Open	Last	H. Credit	Balance	PastDue	Terms	Payme
DC Sep1998	DEPARTMENT STORE Apr1995	SEP1998	1000	958	0	0/M	30/60/9 999999 1 1
OC Jul1999	INCL IN BANKRUPTCY OIL COMPANY Jul1994	Jul1999	1000	0	0	0/M	999995 1 1
BB May2002	THIRD PARTY COLLECTIONS CANADIAN BANK, 5195551212 May1998	May2002	7500	2352	0	310/M	1111111 0 0
BB May2002	JOINT May2002	JOINT May2002	175000	135000	0	870M	111112

6 REGISTERED ITEMS

Reptd	Open	Matur	Amount	Balance	Pastdue	Terms
ZZ Jan1998	A NATIONAL BANK Jan1998	Dec2001	130 Dundas Street E. Mississauga, ON			

7 BANKRUPTCY

Rvsd	Reptd	Trustee	Assets	Liab
Nov1998	Dec1997	BURT HOWE HOWE & ASSOCIATES 12 MAIN ST., HAMILTON Court 12345.	500 DISCHARGED Sept1998 JOINT	75520

8 LEGAL ITEMS

Rvsd	Reptd	Plaintiff's Name	Amount	Balanc
Sep1999	Jan1999	AB HAMILTON JUDG 321321	1500 PAID Jul1999	0

9 COLLECTIONS

Rvsd	Reptd	Agency/Creditor's Name	Amount	Balanc
Sept1999	July1999	GAS COMPANY	577 PAID Sept1999	0
Sept2001	Mar2001	CABLE COMPANY	404 STILL OWING Sept2001	404

10 INQUIRIES

Date	Credit Grantor
01May2002	BB Bank
25 Nov1999	DC Department Store

11 REMARKS

Date
30Dec1997

CONFIRMED VICTIM STATEMENT
 #HK# Confirmed fraud victim; before extending credit verify all applicant information. Cont
 verification at home: (XXX)XXX-XXXX or work: (XXX)XXX-XXXX. Dated XX/XXXX

This completes the file for ROBERT CONSUMER.

How to Pull your Own Credit

There are many free websites that allow you to pull your own credit. Included in these are the actual bureaus themselves who allow you one free pull per year. Here are a few of those websites:

www.experian.com

www.transunion.com

www.equifax.com

www.freeannualcreditreport.com

www.creditchecktotal.com

The last two listed pull credit scores from all 3 of the bureaus. This is called a Tri-merge and is required for FHA loans. Your middle score is the one they ultimately use to determine your loan eligibility.

Another site I like that only pulls from 2 of the bureaus is called www.Creditkarma.com. I like them because they also offer free credit monitoring.

Whatever site you choose will be easy to use. Just fill in your information and check it out.

How to Dispute Errors on your Report

Although the credit bureaus are dedicated to tracking your credit accurately, they do make mistakes and so do the creditors who report to them.

When this happens you can dispute the error online by going direct to the reporting bureau's website and identifying which items are in error.

When you do this, they will notify the creditor who will be required to prove the claim. If they cannot within 30 days, the bureau will remove the blemish from your credit report. This is fairly common.

If you hate details as much as I do, you can hire a credit repair company to do this for you. I have seen people have their scores jump by 100 points in a month when these companies start disputing errors. That said, there are a lot of credit repair companies that are focused more on taking your money than helping you repair your credit.

I have been told by my FHA broker that Credit Repair Resources are the real deal.

Reach Chad Kushner or Bob Willis at
216-591-1000.

Step 5 to Homeownership: Obtaining an FHA Loan (or a NACA loan)

**With an FHA or NACA loan one of these
could have been yours**



**1677 Marigold. Firestone Park. 3
bedroom 1058 sf. Sold \$40,000**
Mortgage at 4.25%: \$197
Taxes: \$96
House Insurance: \$50
Mortgage Insurance: \$28

Total Payment: \$371



**542 Boyd. Ellet. 3 bedroom 1221 sf.
Sold \$35,000**

Mortgage at 4.25%: \$172

Taxes: \$122
House Insurance: \$ 50
Mortgage Insurance: \$ 25
Total Payment: \$369



**1178 Florida Ave. Kenmore. 3
bedrooms, 1176 sf. Sold \$25,000**

Mortgage at 4.25%: \$123
Taxes: \$ 99
House Insurance: \$ 50
Mortgage Insurance: \$ 18

Total Payment: \$290



**400 Sumatra. Goodyear Heights. 3
beds, 1085 sf. Sold \$34,500**

**Mortgage at 4.25%: \$172
Taxes: \$122
House Insurance: \$ 50**

Mortgage Insurance: \$ 25

Total Payment: \$369

So what if I could save you \$300 - \$400 a month on your rent and put \$20,000 in your bank account? Would that make you happy?

And what if I told you, that in 15-30 years, you could pay no rent at all and own your own home free and clear? Would you like me then?

I already know the answer because for the last 18 years of my life I've been doing just that. Turning renters into homeowners.

Now I could tell you that makes me proud and makes me feel good about being me, but that would be an understatement. Truth is seeing that look in someone's eyes when they realize that one of my beautiful homes can truly be theirs is such a great feeling, it caused me to start this course so I could see it more often.

The simple rules I am about to outline here have the power to make your life

better. So sharpen your pencils and take good notes.



What is the FHA?

FHA stands for Federal Housing Administration. It is a government run organization set up to insure mortgage loans. By charging mortgage insurance they are able to guarantee a bank's loan to you and make it less risky for the bank. This enables the banks to make more loans.

FHA's motivation is to make it easier for people to become homeowners because it's good for the economy.

2 Main Considerations for FHA Loan

1. Credit
2. Debt to Income

What is a Debt to Income Ratio?

This is simply how much money you have to pay out each month versus how much money you make (gross) each month.

Your DTI Ratio is expressed as a percentage.

Example

Gross Income = 2000 month

Debt = 1000

Debt to Income Ratio = 50%

FHA has 2 levels of Debt to Income they will allow based on how good your credit score.

If you have a credit score between 580 and 639, they will allow you to have 43% Debt to income.

If your score is 640 or above they will allow for 56% debt to income ratio. So in our above example, if a borrower grossed \$2,000 a month, they could afford total payments of up to \$1,120 a month.

Gross Income = 2000 month
Allowable DTI = 56%

$$2000 \times .56 = 1,120$$



What Debt is included in the DTI calculation?

Mortgage

Property taxes

Insurance

Car loan

School loan

Any collections over \$2,000. (5% of that overage per month)

Other long-term debts that you pay on every month. Not revolving debt like credit cards that should be paid off in full every month.

Requirements for each Credit Level

Credit Score 640 and up

This is about the easiest loan in the world to get and one of the best with rates as low as 4%. With just a modest 640 score you will need:

1. No more than 56% debt to gross income
2. 3.5% of the purchase price down. This money can be a gift from a loved one.
3. \$400 for an appraisal.

Credit Score 580 plus

The rates here are going to be slightly higher and the requirements are a little tougher. You will need:

1. No more than 43% debt to gross income
2. Verification of rent payments for last 12 months (with cancelled checks – not receipts)
3. One month reserve payment in your bank account at closing.
4. 3.5% down. This can be gifted to you.

5. \$400 for appraisal
6. No more than 2 late payments on your credit in the last 2 years or none in the last 12 months.
Remember a payment is only considered late if it's more than 30 days late.

Things that can Stop You

1. Bankruptcies – Require 2 years from discharge before you are eligible.
2. Foreclosures – Require 3 years from date that deed transfers back to the bank.
3. Collections beyond \$2,000 are added into your DTI. 5% of anything over goes toward the debt payments. (Medical debt is not counted against you)

Mortgage Insurance

The FHA is able to make these loans easy to get by guaranteeing them with the bank. If you default (don't pay) on your loan, FHA will. To pay for those losses, FHA charges you for mortgage insurance.

They charge 1.75% of the total loan amount, which is rolled into the loan, and .0085 of the loan amount each year. You pay this amount in your monthly payment.

To figure out how much your PMI will be, multiply .0085 x loan amount and divide by 12.

Ex. \$40,000 loan
 $\$40,000 \times .0085 = \340 per year / 12 =
\$28.33 a month

You would pay that amount on top of your principle and interest.



30 Year vs. 15 Year Loans

These are the two standard terms for an FHA loan. If you choose the 15 year loan, they will charge you a slightly lower interest rate, but your payment will be higher. What's interesting is that the payment really isn't much higher. Consider:

\$40,000 loan at 4.25% interest (principal and interest)

30 year = \$197 a month

15 year = \$301 a month

So an extra \$104 a month pays the loan off in half the time. Of course you have to put the taxes and insurance into the equation to get the total payment but those amounts don't change.

It's important to note that even if you choose the 30 year loan, you can pay the extra \$104 a month and it will still pay the loan off in 15 years. Choosing the 15 year loan will lower the rate slightly but you may want the option of making the lower payment in a pinch.



Where can you get an FHA Loan?

Almost every bank in America can help guide you to an FHA loan. Or you can call a private mortgage broker. You are likely to get more guidance from them because they are only paid when you succeed. And the best part is that their guidance is completely free. FHA pays them.

Naturally I have a guy we keep very busy who is an absolute expert in these matters. Call him at your convenience.

**James Zettlemeier, Great Lakes
Mortgage Group - 216-464-2625**

NACA Home Loans

NACA is a HUD certified non-profit whose mission is to bring economic justice to poor and working class folks with low interest home loans. They offer the lowest rates in America and counsel folks with challenged credit for free.

NACA Loan Features:

1. Low Rates - 3.13% for 15 year loans and 3.63% for 30 years
2. No Down Payment
3. No Closing Costs
4. No Points or Fees
5. No minimum credit score (as long as you are paying your bills on time.)
6. No PMI (Mortgage Insurance)
7. The ability to buy your rates down by putting 1% down on the loan.

If this sounds like a dream come true, maybe it is. NACA holds monthly seminars to explain their program and get you enrolled. From there they assign a personal advisor who meets with you one on one and counsels you until you get your loan.

Call now to get enrolled in their next seminar at **216-619-4110** or learn more online at **www.Naca.com**.



6. Understanding the Basics of Investing

While most of us work very hard for our money and often live from paycheck to paycheck, the rich know that the secret to financial freedom is not to work for your money but to have your money work for you.

You've probably heard this said, but what does it mean and how does one do such a thing? That's what this final chapter is about. Our goal is not to give you a blue print to riches but merely to familiarize you with a world that very few inner city kids like me understand.

With all the humblest of intentions just to acquaint you with the basics, I would like to start by revealing the secret to becoming rich! This secret is at the core of every fortune ever made. The secret is to buy assets and avoid liabilities. That's it.

What is an Asset?

An asset is anything that makes you money or saves you money. The opposite is a liability, which is something that costs you money. Your financial goal is to cut out as many liabilities as you can and use that money to buy assets, which will increase your wealth.

Examples of Assets:

Stocks

Bonds

Mutual Funds

Treasury bills
Real estate
Tools
Office equipment
401k (retirement account)

All of these things will make you money
and earn you a return on your money.
Assets are measured by their returns or
ROI.



What is ROI?

ROI stands for return on investment and
is measured in percentages usually over a
one-year period.

Example

If you bought \$1,000 of stocks and earned \$100 by years end, your annual ROI would be 10%.

$$\$1,000 / \$100 = 10\%$$

Example 2

If you invested \$1,000 and had a 20% ROI, your money at years end would be worth \$1,200.

$$\begin{aligned} \$1,000 \times .20 &= \$200 \text{ earned that year} \\ \$1,000 + \$200 &= \$1,200 \text{ current value} \end{aligned}$$

Investments and likely ROI

Why do I say likely ROI? Because most investments are not guaranteed. Most of them carry some risk with them and in extreme cases investors can lose all their money. Below is a list of investments. Notice that the safer ones pay less.

CD's 1%

These are like savings accounts that you agree to leave in the bank for a set amount of time. The only risk here is early withdrawal that will cost you just a little.

Bonds 2-5%

Bonds are essentially loans to a business or government. They have a set time when they mature and can be cashed. They can also be traded on the NYSE in the meantime. Bonds are considered very safe as long as the institution doesn't go out of business.

Stocks 2-15%

Stocks are actual shares of ownership in a Corporation. If a company goes bankrupt your stock could be worth nothing. If the company does exceptionally well, your stock could double. Stocks can be fairly risky depending on the company you are buying. Companies that have been around for a long time like IBM or Apple are considered "blue chip" stocks and are safe. New start up companies on the other hand can be very risky. Most investors are happy if their stocks earn 10% per annum (per year).

Mutual Funds 8-10%

These are a blend of stocks, bonds, and other investments put together to offset or diversify risk. These funds are put together by different investment groups and professionally managed for you.

401k Retirement Account -10 – 100+%

These are accounts that you can contribute to before your money is taxed. So if you made \$30,000 this year and put \$5,000 into a 401k, you would only be taxed on \$25,000. This money could then be invested and grow tax-free until you take it out at retirement.

A lot of times an employer will match the money you put in dollar for dollar. So if you put \$1,000 in this year, they will put \$1,000 in. This essentially allows you to double your money immediately and then earn interest on that money.

If you decide to take the money out before retirement, you have to pay the taxes plus a 10% penalty. Additionally some companies may not let you take all of their money out until you have been with them for a few years. This is called vesting.



What would happen if you earned 20% ROI per year and left the money invested for 4 years at that rate?

Example \$1,000 invested at 20% ROI for 4 years:

Value at years end:

1. \$1,200 $1000 \times .2$ (20%)

- | | | |
|----|----------------|-------------------------|
| 2. | \$1,440 | $1200 \times .2 + 1200$ |
| 3. | \$1,728 | $1440 \times .2 + 1440$ |
| 4. | <u>\$2,073</u> | $1728 \times .2 + 1728$ |

Notice that the money doubled over the course of 4 years. What do you think was easier to earn; the first \$1,000 or the second \$1,000?!!!!

Also notice that the 4th year earned \$345 return, up from \$200 the first year.

This model helps to demonstrate the concept of how money makes money that makes even more money. It's hard to fathom just how fast it grows, especially when you are adding more and more to the pot as you make it.

Or maybe you think 20% is too much and too hard to attain? Most people would agree with you. But I would not. Let's consider the sample house you bought in the last chapter.

The Power of One House as an Investment



Mortgage at 4.25%:	\$123
Taxes:	\$ 99
House Insurance:	\$ 50
<u>Mortgage Insurance:</u>	<u>\$ 18</u>
Total Payment:	\$290

What if you decided to buy a second house for your family to live in and decided to rent out the first one. Here's what the ROI would look like

\$25,000 = Cost of the FHA purchased home

\$1,800 = 3.5% down payment plus
\$400 for appraisal

\$6,200 = Cost to fix the house up
(This is an arbitrary amount)

\$8,000 = Total cash investment

\$290 = Monthly payment with
taxes and insurance

\$750 = Monthly rent you could
charge

To figure the annual ROI, we first need to
figure out how much the investment
would make:

\$750	Rent
<u>-\$295</u>	<u>Monthly mortgage</u>
\$365	Net profit per month

\$455	Net profit per month
<u>x 12</u>	<u>Months in a year</u>
\$5,460	Net profit per year at full occupancy

We then divide the annual profit by the total amount invested:

$$\$5,460 / \$8,000 = 68\% \text{ ROI}$$

Sound too good to be true? It's not. But it's good! In the next Building Wealth seminar, I'm going to show you how to turn \$2,000 into \$20,000 in 6 months... what's the annual ROI on that one? 😊

Closing Thoughts

My father used to say, "The hardest part of making a million dollars is saving the first \$50,000". He was absolutely right. The reason is that money absolutely makes money, especially if you know what to do with it and even if you don't. Unfortunately, those first dollars are the hardest to save.

The trick is to live below your means, no matter how low your pay. You MUST save money. Even if it's only \$25 a week. Even if you have to mow grass on the weekend.

Goal one is to save 3.5% of the purchase price of a home plus \$400 for the

appraisal fee. Once you do that and buy your first home, everything will start to get easier. In the meantime, sacrifice is required.

With that said, I will share with you my favorite saying, one I have held dear and lived by from all my days of rags to riches to rags to riches again...

Do what others WON'T do for 3 years and for the rest of your life, you will do what others CAN'T do!

Good luck and God bless you!



